EXHIBIT 3

March 10, 2010

Mr. William Ingalls
208 East 4800 South
Vernal, UT 84078

Subject: Proposed Homeland Gas & Oil, Inc. Class II Injection Well, Lawson 1-21A1 SWD
Cause No. UIC-359.1, Duchesne County, Utah

Dear Mr. Ingalls:

This is in response to your letter, dated March 2, 2010, in which you requested that the Division of Oil, Gas and Mining (DOGM) provide you information regarding other saltwater disposal wells in the vicinity of the Lawson 1-21A1 well. I have enclosed a packet of information for the Helen Larsen 2-5A1 well, which was converted to a saltwater disposal well in 1991. An enclosed map shows the location of the Helen Larsen 2-5A1 well relative to the Lawson 1-21A1 well, which is proposed as a saltwater disposal well.

The Helen Larsen 2-5A1 well is near Neola, about 3½ miles north-northwest of the Lawson well. The information packet for the Larsen well includes documentation of the application process, a list of parties who were notified regarding the application, testing procedures for mechanical integrity of the well, and copies of periodic field inspections and monitoring of the disposal well. I hope this will help you to understand that there is a high standard to be met in permitting the operation of saltwater disposal wells and that subsequent inspections assure that the standards must be met for the continued operation of these disposal wells.

If you have any further questions concerning this permitting process, please contact Mark Reinbold at 801-538-5333 or Brad Hill at 801-538-5315.

Sincerely,

Mark Reinbold
Geologist

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Enclosure

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GARY R. HERBERT
Governor
GREGORY S. BELL
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
MICHAEL R. STYLER
Executive Director
Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

February 11, 2010

Carolyn Elder
Rt 1 Box 1088
Roosevelt, UT 84066

Subject: Proposed Homeland Gas & Oil, Inc. Class II Injection Well, Lawson 1-21A1 SWD
Cause No. UIC-359.1, Duchesne County, Utah

Dear Ms. Elder:

This letter is in response to your comments to the Division of Oil, Gas and Mining (DOGM) in regards to the Lawson 1-21A1, proposed injection well. Because of comments received by DOGM, this matter will be placed before the Board of Oil, Gas and Mining (the Board) for a public hearing. At this hearing you will have the opportunity to voice your concerns and comments and to have them addressed. The hearing date has not been set at this time but will most likely take place sometime in the Spring of 2010. You should receive notice of this hearing at least 15 days prior to the hearing. Upcoming Docket items can be viewed on the Board's website at http://ogm.utah.gov/division/Board/Board_agenda.htm .

The primary objective of the Underground Injection Control (UIC) Program, which the Division administers in Utah, is to protect Underground Sources of Drinking Water (USDWs) from contamination by injection of fluids, primarily water produced by oil and/or gas wells. The actions taken by the Division, from permitting an injection well to plugging of the well, are all taken with this objective in mind. During the permitting process only injection zones that are safely well below and confined from fresh water supplies are considered. The well must be shown to demonstrate mechanical integrity both inside and outside. This means that all casing, tubing and other equipment in the well must not leak and the cement outside the casing must be adequate to prevent upward flow of fluid into USDWs. All injection wells are monitored, inspected and tested periodically to assure that integrity is maintained.

Underground Injection has been a successful method of disposing of oil-field produced water in this general area since 1970. During this forty year history of injection, various formations and depths have been utilized for disposal. The Division, in an effort to verify the

integrity of these disposal zones and build confidence that they were in fact confining the injected fluids, began investigating them in the 1980's, after establishment of the UIC Program. The Division teamed up with the U.S. Geological Survey and began a series of investigations, groundwater sampling and analysis that continues today. One of the reports published resulting from these efforts which addresses some of the data collected (1990-2005) and evaluation of it can be found through our web site or at http://pubs.usgs.gov/sir/2007/5192/. A copy of this document and a DOGM pamphlet about our UIC program are included with this letter. A notable quote from the USGS report states that "..saline wastewater injected into the lower part of the Duchesne River, Uinta, Green River, and underlying formations is not migrating upward into the upper part of the Duchesne River and Uinta Formations or surficial deposits that are used for drinking-water supplies".

The Division has received letters from neighbors of the proposed injection well indicating that they are concerned about increased truck traffic to and from the well. It is our understanding that water will be delivered to the well via pipeline, thereby requiring no need for significant increased truck traffic. Any chances of groundwater contamination should be minimal based on the fact that water will be injected to depths far below the groundwater aquifers. El Paso Exploration & Production is currently considering injection depths more than 8000 feet below the surface. The Division will conduct a rigorous process to ensure that all relevant conditions are met before a permit is issued for the injection well. In the event that the well is permitted, it will then be held to high standards of monitoring and periodic testing to make sure that it poses no threat to the groundwater aquifers.

If you have any questions concerning this permitting process, please contact Mark Reinbold at 801-538-5333 or myself at 801-538-5315.

Sincerely,

Brad Hill
Oil & Gas Permitting Manager

BGH/js
Enclosures

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